November 2, 2023

Dear Representative:

On behalf of the National Automobile Dealers Association (NADA) which represents over 16,000 franchised auto and truck dealerships and the American Truck Dealers (ATD), representing over 3,200 franchised truck dealerships,[1] Representatives are urged to support the House Interior-Environment Appropriations bill (H.R. 4821). H.R. 4821 includes important language to prevent the Environmental Protection Agency (EPA) from spending funds to finalize or implement unrealistic electric vehicle (EV) mandates for light-duty vehicles and medium- and heavy-duty trucks in FY 2024 (Sec. 488 and Sec. 489).

New car and truck dealers are essential to sell and service EVs and already have invested nearly $6 billion of their own capital to advance this transportation transformation. The EPA's proposed EV rules, however, go too far too fast and do not acknowledge market conditions such as inadequate EV charging infrastructure and vehicle affordability. EPA's proposed EV/ZEV rules, which Congress did not direct, are neither reasonable nor achievable in the time frame provided and severely limit the ability of consumers and businesses to choose a new vehicle that meets their budget and needs.

EV Mandates for Light- and Medium-Duty Vehicles (Support for Sec. 488)

Proposed EPA emissions standards would effectively require 67.5% of U.S. light-duty vehicle sales to be electric by 2032 (*Multi-Pollutant Emissions Standards for Model Year (MY) 2027 and Later Light- and Medium-Duty Vehicles*).[2] Last year, EV sales were 5.8% of new light-duty sales. Dealers are making significant EV investments, some $5 billion to install chargers, buy EV-related equipment, parts and tools and train sales and service staff to reach beyond early adopters and market EVs to the average consumer, but those consumers are not yet responding.

Although EV demand varies dramatically by market, dealers are seeing significant consumer hesitancy regarding EVs, and new car buyers are not purchasing sufficient EVs for automakers to meet EPA's requirements.[3] Consumers express concerns regarding EV affordability,[4] sufficient and reliable charging infrastructure,[5] and acceptable charging speeds.[6] EPA's proposed mandate for an overly rapid EV

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[1]NADA's dealers collectively employ more than 1,100,000 people, yet most are small businesses as defined by the Small Business Administration. ATD is a division of NADA, and truck dealers collectively employ 144,000 people.
[2]EPA's proposed rule was issued in May and is expected to be finalized by July 2024. NADA filed comments opposing the rule.
[3]EV sales have plateaued at about 7% in 2023 despite the introduction of many new EV models and days' supply of EVs has increased by 271% since last September. In October, the EV days' supply was 88 vs. 60 days for ICE vehicles.
[4]According to Cox Automotive, as recently as November 2022, the average transaction price for EVs was above $65,000. EV prices have since declined to an average price of $53,469 in July compared to the average price of gas-powered vehicles at $48,334, due primarily to an oversupply of EVs on dealer lots.
[5]The lack of convenient and accessible charging options adequate for EV owners is a significant market impediment. JD Power notes that 4 out of 5 reasons for rejecting EVs is charging, 76% of EV rejectors cite at least one charging-related concern, and 1 in 5 EV owners who attempt to charge at a public location are unable to do so.
[6]Long charging times remain a barrier to EV adoption (most public chargers take 8-30 hours to charge).

adoption is likely to result in prospective new car buyers opting for a used vehicle or the repair of older vehicles.

The challenges in the commercial medium-duty market are more pronounced because vehicle purchases are business decisions directly linked to affordability, cost-efficiency, functionality, and reliability. Commercial consumers will simply avoid buying or leasing new EVs that cost too much, compromise performance, or pose unacceptable downtime risks.

The EPA's proposed EV rule would have a significant negative impact on consumer choices and costs of light and medium-duty vehicles. Reasonable regulations must leverage consumer demand to produce the vehicle fleet turnover necessary to deliver environmental goals.

Zero Emission Vehicle (ZEV) Mandates for Heavy-Duty Trucks (Support for Sec. 489)

To comply with the EPA's proposed "*Greenhouse Gas (GHG) Emissions Standards for Heavy-Duty Vehicles - Phase 3*" rule for MYs 2028-2032, sales of new commercial zero-emission vehicles (ZEV) could total 50% of vocational vehicles, 34% of day-cabs, and 25% of sleepers (vs. less than 1% total today) by MY 2032.[7] Truck dealerships are already investing nearly $1 billion in the training, tools, equipment, facility upgrades, and charging infrastructure necessary to sell and service commercial ZEVs.

The lead times proposed by the EPA, however, do not consider the realities of the commercial ZEV market. Electric trucks can cost up to three times more than comparable diesel vehicles[8] and do not offer equivalent range[9] or load capacity. Additionally, from a fleet perspective there are concerns surrounding ZEVs' ability to meet their business needs. Truck buyers need a dependable public refueling infrastructure designed for commercial ZEVs, but currently there is insufficient charging infrastructure available to meet the transition to ZEVs.[10]

EPA's proposed rule's intended benefits can only be met if businesses can first purchase trucks at commercially viable prices, with available charging infrastructure to support an electric fleet,[11] so environmental benefits can be realized. The proposed EPA rules would result in unaffordable commercial motor vehicles that do not meet the performance standards needed for purchasers' businesses resulting in older, less efficient trucks remaining on the road.

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[7]In June, ATD submitted comments in opposition to EPA's GHG Phase 3 proposal (also issue brief). For a rule of this magnitude, an Advance Notice of Proposed Rulemaking (ANPRM) is typically issued first to collect data and prepare for a viable rule. However, an ANPRM was not issued, and an extension of the 50 days comment period was denied by EPA. By comparison, EPA took five years to finalize its previous Phase 2 GHG rule.

[8]For example, a typical Class 8 electric truck costs $400,000 and the average cost for a diesel truck is $180,000.

[9]ZEVs do not work in all trucking scenarios, especially long-haul. Trucks that have up to a 43,000-pound freight payload and a range up to 250 miles are ideal for battery electric vehicles. Other technologies such as fuel cell, hybrids, and hydrogen are suggested for trucks with a payload and range outside these parameters.

[10]A national infrastructure system must be built and scaled to enable operation of ZEVs. Without sufficient infrastructure, the number of ZEVs purchased between 2028 and 2032 will be far lower than EPA forecasts. Truck dealerships, their customers, and utility companies are just beginning to evaluate alternative heavy-duty vehicle options and understand the infrastructure that is necessary to support those options.

[11]In May, ATD testified at an EPA hearing, emphasizing the need for sufficient lead-time to lower the cost of ZEV technologies and to allow customers to make critical fueling infrastructure investments.

Conclusion

The EPA's stringent, unrealistic electric vehicle mandates are a top issue facing America's franchised dealers and the auto and truck industry today. America's franchised new vehicle dealers are doing their part to be ready to meet the upcoming electrification of the nation's fleet. But other market conditions will also be necessary for customers to buy in the volume targeted by EPA, and those conditions simply do not yet exist. NADA/ATD urges members of Congress to pass the House Interior-Environment Appropriations bill (H.R. 4821) and include Sec. 488 and 489 to prevent the EPA from spending funds to finalize or implement unrealistic EV mandates for light-duty vehicles, and medium- and heavy-duty trucks in FY 2024. This one-year pause gives EPA the opportunity, if necessary, to develop realistic requirements.

The key to meeting EPA's proposed rule's targets and achieving its intended benefits is fleet turnover. We must leverage consumer demand and create purchasing conditions to produce the fleet turnover necessary to deliver environmental benefits. However, EPA's proposal moves too far, too fast and will result in vehicles that are unaffordable for the public or do not meet the needs of the average American or the typical commercial purchaser.

Thank you for your consideration.

Sincerely,

Mike Stanton
President and CEO
National Automobile Dealers Association

Laura Perrotta
President
American Truck Dealers